



M e m o r a n d u m

To: Panel Members

Date: July 13, 2001

From: Peter DeMauro
General Counsel

File: 2Panel Memo

Subject: ETP Strategic Plan

Enclosed for your review is a draft copy of the Employment Training Panel's (ETP) Strategic Plan which incorporates comments provided by Panel members on the draft Plan reviewed at the June 29, 2001 meeting. The Plan will be a discussion and action item at the July 26, 2001 Panel Meeting. Briefly, the attached draft makes the following changes to the previous version:

- Places more emphasis on the Panel's role in the economy and cites the value and economic benefits of ETP-funded training to business, workers and the State's economy.
- Condenses and refocuses the discussion of the California economy.
- Clarifies ETP's three budget categories (i.e., Training, Marketing and Research, and Program Administration) and estimated revenues and expenditures in FY 2001-02.
- Clarifies the Panel's goals and objectives, based upon comments provided by Panel members.
- Provides the Panel will target its marketing to growth industry sectors in specified regions of the State; places the description of these regions and industry sectors in the appendix; and deletes reference to the targeting of specific occupations for unemployed workers.
- Provides a list of California industry multipliers as an appendix item.

As in the previous draft version of the Strategic Plan, you will again notice there is no proposed allocation for Welfare to Work projects. As you know, the Budget Conference Committee has agreed to the proposed transfer of \$46.7 million from the Employment Training Fund (ETF) reserve to the Department of Social Services for CalWorks. It is expected this will be finalized in the Budget Act once it is passed and signed. This transfer is in addition to the transfer of \$15 million from the ETF to the Department of Social Services to support CalWorks. Discussion of the Panel's role in funding Welfare to Work projects is also on the agenda for the July 26 meeting.

Following the Panel Meeting, staff will revise the Strategic Plan to incorporate any requested changes, including any pertaining to Welfare to Work.

I look forward to your comments and discussion of the Plan at the July 26 Panel Meeting.

Attachment

EMPLOYMENT TRAINING PANEL
STRATEGIC PLAN
2001-2002

DRAFT

(7/13/01)

The EMPLOYMENT TRAINING PANEL

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Mission Statement

The Employment Training Panel is a significant economic development tool for business attraction and business retention. ETP, in partnership with business, labor, and government, provides funds for training California's workforce in the skills necessary for businesses to successfully compete in the global economy, while providing workers with good jobs that pay good wages.

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I. ETP'S ROLE IN THE CALIFORNIA ECONOMY

A. Introduction

The Employment Training Panel (ETP) administers a statewide economic development program that supports California's economy by ensuring that employers have the trained workers necessary to compete successfully in the global economy. The Panel was created in 1982 with the initial mandate of addressing the large displacement of workers resulting from plant closures by moving the unemployed quickly into employment, or by saving the jobs of workers threatened with displacement. The program has always been one of collaboration between government, business, labor and other public entities. This collaboration is the key to the success of the Employment Training Panel.

The program has evolved over the years toward an increased economic development focus in support of retraining incumbent workers of businesses in basic industries challenged by out-of-state competition -- primarily in the manufacturing and high technology sectors. As such, ETP is California's only industry specific training program for incumbent workers. The Panel also funds the training of unemployed workers for high-skill, high-wage, secure jobs.

ETP funds training by way of performance-based contracting, meaning that a contractor only earns funds if a trainee completes all of the training and a subsequent employment retention period of at least 90 days in a job using the skills learned in training. Since it began operating in 1983, ETP has funded the training of more than 370,000 workers for 38,000 businesses. Approximately 80 percent of the businesses served are small businesses.

Independent evaluations of the program over the years have attested to the significant value of ETP-funded training for workers, business, and the economy. Last year, researchers at California State University, Northridge (CSUN) completed a major two-year study that found ETP-funded training increased workers' earnings, reduced unemployment, helped increase the growth of California companies and boosted economic expansion in the State. The study indicated an estimated return of \$6 for each \$1 invested in ETP training, in terms of unemployment insurance fund savings, increased earnings and company sales, and saved jobs.

The researchers also found that of the 45 states that have some type of publicly funded worker training program, ETP is the largest and most sophisticated program in the United States. According to the researchers, ETP's biggest contribution may be that after employers experience the value gained from training their employees utilizing ETP funds they are more willing to increase their own investment in these workers.

ETP has a special niche in the California economy in that it is the State's only employer-driven program supporting retraining for incumbent workers. In this respect, ETP differs from the many other agencies and programs which serve the workforce population

through training, placement, and supportive services, such as: the Employment Development Department, which administers the Job Service program; the Department of Social Services, which oversees CalWorks, including training and employment services; and local Workforce Investment Boards (WIBs) which administer federal funds provided under the Workforce Investment Act (WIA) to serve their constituent workforce populations. In total, California's various workforce programs will account for an approximate \$4 billion in FY 2001-02 funds, with a significant portion of these resources serving the State's disadvantaged population.

ETP, which represents 2.4 percent of the total \$4 billion in California workforce preparation funds, is the only program, which supports industry specific retraining of incumbent workers. As such, the Panel program is unique in that it is specifically employer supported and employer driven, in support of keeping California businesses competitive.

California businesses do provide, in varying degrees, training for their own workers. However, the American Society of Training and Development recently estimated the annual cost of direct training provided by employers for their workers at only 2 percent of payroll, nationally, suggesting a need to increase such efforts. It is generally agreed the real cost of untrained workers can be far more expensive for companies in terms of competitive advantages in a dynamic market. Employers should be encouraged to maximize their efforts to provide continual worker training as a cost of doing business.

Therefore, this Strategic Plan recognizes the Panel's limited funding, and its specific mission and role in the California economy in relation to other programs in the State that provide workforce preparation services.

The Strategic Plan describes ETP's strategies, goals and objectives for the allocation of its resources for the fiscal year (FY) 2001-02, in order to continue serving California businesses and workers. The Panel looks forward to carrying out its mission as a statewide economic development partner to help employers and workers meet the challenges of the global economy. Importantly, the Plan recognizes ETP's key role in providing "just-in time" training support for companies who need it, and in serving as a catalyst for promoting increased and ongoing training by businesses on their own.

B. Snapshot of the California Economy

During the last six years, California experienced significant economic growth, evidenced by business expansion, increased employment, and higher wages paid to employees. A national leader in the development of new products and services, California's economic boom in the 1990's was driven by new technologies in telecommunications, multimedia and the "dot com" industry. During this economic boom, jobs increased, unemployment declined, business expanded, and the State experienced more economic vitality.

However, after these years of unprecedented growth, some economists have begun to predict a slowdown in the State's economy. The most recent UCLA Anderson School Economic Forecast (June 2001) indicates a downturn in the State may have begun, with California potentially entering its most difficult economic times in a decade. The UCLA researchers indicate there could be a possible statewide recession due to a variety of factors, including a high-technology downturn.

Researchers at the Center for Continuing Study of the California Economy are more optimistic, stating in their 2001 report on "California Economic Growth", "Between the economic gains of the 1990s and the economic gains of the decade ahead will be a period of temporary economic slowdown. " However, the CCSCE researchers add, "This temporary slowdown does not in any way alter CCSCE's assessment of
-term growth prospects."

CCSCE indicates that these past 6 years of growth have established a strong economic base for the State, with increased employment and income, including increases for low-wage workers. They suggest that certain key industrial sectors are strong, i.e., high technology manufacturing, foreign trade, entertainment and tourism, professional services, and diversified manufacturing. They predict that these sectors, which have led the State's strong economic performance since 1994 will continue providing a firm economic base with continued gains in the future.

Data available from CCSCE, the Economic Strategy Panel (a Statewide appointed economic development body in support of industry clusters in regions of California), and the Employment Development Department's Labor Market Information Division, all support targeted marketing of training resources to growth industry sectors in applicable regions of the State. Such data indicate growth sectors can be identified and targeted in the following regions, based on geography and economic drivers: Los Angeles Basin; San Francisco Bay Area, Sacramento Region, Central Valley, Southern Border, Central Coast, and the Northern State. (See Appendix 1 for map of these regions and an overview of regional growth sectors.) While recognizing the potential of a statewide economic downturn, In FY 2001-02, the Panel will target the funding of training for workers in growth industry sectors in these regions.

II. REVENUES AND EXPENDITURES

In setting its future course, the Panel will give careful consideration to its available resources in order to prioritize the use of its limited funds. The estimated revenue to ETP for fiscal year 2001-02 is \$93.9 million, which consists of the Panel's annual Budget appropriation and unearned training contract funds reinvested for use. These funds are allocated for expenditure into the following three budget categories:

- (1) Training: \$81.9 million to fund training and employment retention for incumbent workers and unemployed workers;
- (2) Marketing and Research: \$1.5 million for program marketing, research and evaluations conducted by external consultants under contract to the Panel; and
- (3) Program Administration: \$10.5 million for operational costs to administer the program.

FY 2001-- 02	
Revenue & Expenditures	
<u>Revenue (Estimated)</u>	
Appropriation	\$75,871,000
Funds Reinvested	<u>18,000,000</u>
Total.....	<u>\$93,871,000</u>
<u>Expenditures (Planned)</u>	
Training	\$81,871,000
- <i>Economic Development</i>	(73,683,900)
- <i>Special Employment Training</i>	(8,187,100)
Marketing and Research	1,500,000
Program Administration	<u>10,500,000</u>
Total.....	<u>\$93,871,000</u>

III. TARGETING RESOURCES

In targeting its resources to meet the needs of California business and workers, the Panel will continue to collaborate with its many economic development partners, focusing on customer needs and prioritizing training for workers in companies facing out-of-state competition, and training for unemployed workers in secure well-paying jobs. In so doing, the Panel will approve training projects that best meet the following goals of the ETP legislation:

- (1) Stimulating exports/imports;
- (2) Training employees of businesses locating into or expanding in the State;
- (3) Supporting businesses moving to a high-performance workplace;
- (4) Training displaced/potentially displaced workers;
- (5) Projects jointly developed by management and workers;
- (6) Developing career ladders for workers; and
- (7) Promoting the State's manufacturing workforce.

The Panel will also emphasize other statutory criteria -- to fund only training which is responsive to significant employer demand, customized to employers' needs, supplemental to training regularly provided by employers, and supported by employer contributions to the cost of the training. The Panel will emphasize that employer commitment to and support for training is key to its success.

The Panel must plan strategically to maximize the use of its finite funds, and will focus on the following key areas for carrying out its mission in collaboration with its marketing partners and other State agencies and economic development and workforce preparation partners:

- Supporting California's basic industries and the creation of secure, well-paying jobs in demand occupations. Priority will be placed on businesses which produce goods or services in support of California's export base and which import business dollars from outside the State, generating additional business to local economies as a result. Industry sectors with high "multiplier" effects will be emphasized (i.e., where the investment of training funds yields a high return to the economy in terms of earnings and jobs; see Appendix 2 for a description and list of statewide economic multipliers, by industry sector.)
- Supporting businesses that do not have out-of-state competition, under the Special Employment Training (SET) category, but which have a high impact on the State's economy, and which can provide effective models for future funding considerations.

- Assisting businesses and workers in high unemployment areas of the State.
- Supporting the State's small businesses, especially those with 100 or fewer workers.

The Panel will also take steps to continue addressing program and policy issues on a regular basis, to ensure the program responds to the needs of its customers. The Panel will be proactive in assuring continuous program improvements, and in providing cutting edge technology to maximize program effectiveness.

Resources will be targeted to implement strategies in support of these priorities. The goals and objectives below outline the plan for doing so. By reviewing program results and updating the Strategic Plan accordingly each year, the Panel will continually ensure the program is current and responsive to customer needs.

A. Prioritizing Training Funds

The Panel contracts with California employers, groups of employers, training agencies, and local Workforce Investment Boards (WIBs), primarily to fund training and employment retention for incumbent workers of companies challenged by out-of-state competition, locating to or expanding operations in California, and to maintain the viability of current businesses.

The Panel will emphasize funding training for businesses in basic industries, which have high multiplier effects on the economy. In so doing, the Panel will target its marketing efforts to businesses in growth industries with high multipliers, by region. (See Appendix 1 for a summary of California regions' economies and growth industries.)

Two major training budget categories will enable the Panel to address the areas of greatest need for training: Economic Development and Special Employment Training (SET).

- **Economic Development**

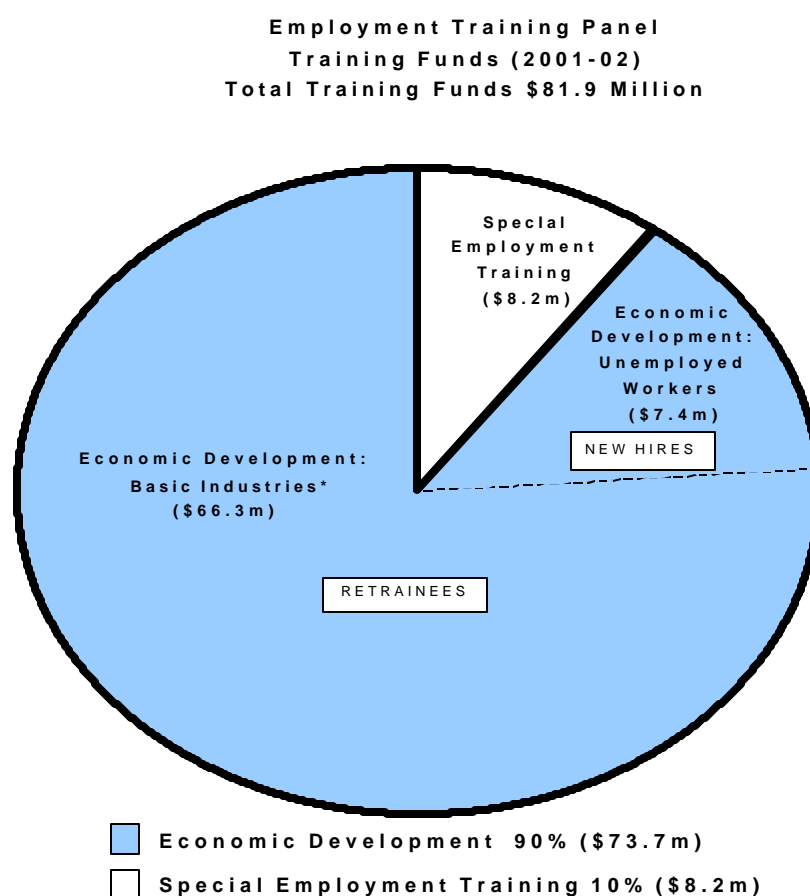
The Economic Development category provides funding for training and employment retention for incumbent workers of businesses in basic industries (i.e., those having out-of-state competition). On a more limited scale, these funds also support training for unemployed workers.

- **Special Employment Training (SET)**

Special Employment Training (SET) funds are available for projects for businesses and workers that are not eligible under the regular Economic Development criteria (i.e., businesses that do not have out-of-state competition and workers not necessarily linked to the Unemployment Insurance system). SET projects must target frontline workers (i.e., those directly producing goods or

services) earning at least the State average wage. SET funding also provides for the training of the following categories of frontline workers who do not necessarily earn the State average hourly wage: a) those in industries and occupations with demonstrated career paths; b) those in high unemployment areas; c) those with multiple barriers to employment; and d) small business owners.

The following chart illustrates the Panel's planned allocation of available training funds in FY 2001-02.



* Basic Industries include those businesses which produce goods and services in support of the State's export base, generating dollars into the local economy from outside the state.

Goal 1: Target Economic Development funds to support retraining for business in California's basic industries, and to support the creation of secure, well-paying jobs in demand occupations.

Objective 1: Target a minimum of 90 percent of available Economic Development funds to businesses in the State's basic industries, which have high multipliers (e.g., manufacturing, especially high technology and diversified manufacturing; computer programming and network design; software development; telecommunications, multimedia/entertainment).

Objective 2: Target up to 10 percent of available Economic Development funds for training of unemployed workers in demand occupations with the potential of continued wage increases, secure employment, and upward job mobility.

The following criteria will apply to projects funded for the training of unemployed workers:

- Training must be industry specific or for specialized occupations.
- Training must be for secure jobs, i.e., in employment where the historical turnover rate does not exceed 20 percent.
- Contractors must show that trainees will earn at least the ETP minimum wage after employment retention, and that participating employers have made a commitment to additional training once trainees are employed.

Objective 3: Target \$15 million of available Economic Development funds for the training of workers in areas of high unemployment, with a focus on the working poor.

In response to priorities set by the Governor and Legislature, the Panel will target those areas of California that have unemployment rates significantly higher than the State average. In targeting training for workers in high unemployment areas, the Panel will focus on the "working poor" i.e., workers who have full-time jobs and fairly stable employment, but who earn low wages and lack the essential job skills necessary to improve their employment opportunities. To facilitate training for the "working poor", the Panel will allow waivers to requirements pertaining to trainee wages, training hours, literacy training, and training delivery methods. (Note that this \$15 million in targeted funding is to be used from available Economic Development funds, as applicable, under Objectives 1 and 2, above.)

Objective 4: Support California small businesses, especially those employing 100 or fewer workers, by:

- *implementing methods to facilitate the ability of small businesses with 100 or fewer workers to either contract directly with the Panel or to participate in multiple employer contracts; and*

- *requiring that at least 75 percent of employers participating in multiple employer contracts be small employers with 250 or fewer workers.*

Objective 5: *Set an agenda for the Panel's ongoing review of training-related policies and requirements, including, but not limited to: a) refining criteria for basic industries/out-of state competition; b) refining criteria for use of economic multipliers in funding requirements; c) determining the Panel's role in funding training for unemployed workers; d) addressing issues relevant to apprenticeship training; e) reevaluating appropriate types and levels of employer contributions; f) determining when employment retention requirements should be modified; and g) reassessing trainee wage criteria.*

Goal 2: *Target Special Employment Training (SET) funds to support business in industries that may not have out-of-state competition.*

Objective 1: *Target available SET funds for industry sectors with high multiplier effects for training under SET, including the following: construction, wholesale trade; transportation; communications; electric and gas services; financial institutions (including banking and insurance); business services; and health services.*

Objective 2: *Approve at least 50 percent of available SET funds for the training of frontline workers eligible under the various SET provisions in the target industry sectors.*

Objective 3: *Approve up to 50 percent of available SET funds through a competitive bidding process, in order to better market and obtain innovative proposals for the various SET categories.*

Objective 4: *Revisit criteria for projects eligible under SET.*

In approving SET contracts, the Panel will prioritize unique or innovative training concepts which may provide models for possible consideration under regular program criteria.

B. Targeted Marketing and Program Research

The Panel undertakes strategic marketing and program research to determine and target the best use of its limited funds. Through the use of an annual budget, these expenditures are prioritized for marketing, research and evaluations to be provided by outside consultants under contract to the Panel.

The Panel targets its funds through statewide marketing efforts by ETP staff and in collaboration with other entities in the State's economic development and workforce preparation arenas. The Panel's direct and collaborative marketing efforts will be targeted to businesses within industries identified as having the most impact on the California economy, according to regional priorities.

The Panel's current marketing partners include: California Association for Local Economic Development; California Manufacturing & Technology Association; California State Chamber of Commerce; California Workforce Economic Development Council; Employment Development Department; Latin Business Association; and the Technology, Trade and Commerce Agency. In addition, as provided by the ETP enabling legislation, the Panel works with local Workforce Investment Boards (WIBs) under the federal Workforce Investment Act as potential marketing partners. ETP consultants and other stakeholders also play a key role in marketing the program to potential contractors. All of these partners are instrumental in marketing the program directly to their various constituencies throughout the State.

The Panel also contracts with outside entities for independent research and evaluations to ensure it continually meets the needs of customers and stakeholders. The Panel utilizes research findings to initiate process improvements and refinements or additions to Panel policies.

Goal 1: Market the program throughout the State to growth industry sectors, in collaboration with marketing partners.

Objective 1: Work closely with marketing partners to target applicable growth industry sectors in the various economic regions of the State. (See Appendix 1, for regional growth industries.)

Objective 2: Conduct regular marketing forums, in conjunction with the Panel's marketing partners, to continually review progress, exchange information, and strategize for future marketing efforts.

Goal 2: Collaborate with Economic Development and Workforce Preparation Partners.

Objective 1: Work with the statewide Workforce Investment Board to develop collaborative approaches in support of economic development and workforce preparation.

Objective 2: In order to better serve customers without duplicating services, conduct a forum with other entities in the economic development and workforce preparation arenas to exchange ideas and strategies for coordinating services.

Goal 3: Conduct research studies on program effectiveness.

Objective 1: Initiate an independent study to determine the impact of ETP-funded training on businesses' viability and to assess the level of employer supported training; disseminate results of findings.

Objective 2: Continue supporting research and participating in the statewide performance-based accountability system for the State's workforce preparation programs.

C. Program Administration

The costs to administer the program are determined through the normal State Budget process, which includes an annual review by the Department of Finance. In administering the program, the Panel operates four regional offices in the State, two located in each of the northern and southern areas to respond to local needs in contract development and project management. The Sacramento Development and Monitoring Offices and Central Administrative Office are housed together in one location. Program costs include the day-to-day operating expenses of the Panel's 100 full-time employees, including agreement development and monitoring, as well as a variety of administrative staff support (e.g., fiscal, personnel, information technology, legal, contract review, audits, internal marketing, planning and research, and general administrative support), overhead and supplies.

Goal 1: Ensure continuous program improvements.

The Panel will focus on continuous improvements to the program that provide improved service to its customers. The Panel will obtain program input from customers and stakeholders to refine the program, resolve issues, and establish and update program policy as necessary.

Objective 1: Refine the Panel's strategic planning process, by

- *Scheduling economic experts to provide periodic economic updates, in order to enable the Panel to best determine where training funds should be invested;*
- *Establishing and implementing a calendar for undertaking formal strategic planning throughout the fiscal year;*
- *Holding a Panel strategic planning off-site session to determine strategies and priorities of the updated Strategic Plan, based upon progress in achieving goals and objectives of the previous Plan, in relation to economic trends.*

Objective 2: Meet with legislators and legislative staff on a regular basis to educate them on the program and to seek their continued support.

Objective 3: Obtain program input from customers and stakeholders.

Outreach will be continued for customers, stakeholders, and constituency groups including business, labor, government agencies, and contractor and consultant associations to ensure their participation in program improvements. A forum will be provided for dialogue with ETP stakeholders, including sessions at regular Panel

meetings, to involve customers and stakeholders in the resolution of program issues. Additionally, an ongoing customer survey will be implemented.

Objective 4: Review program regulations and requirements on an ongoing basis.

The Panel will conduct regular reviews of regulations, policies and program requirements to continually update the program and respond to customer needs.

Objective 5: Conduct internal staff studies of the effectiveness of program processes, including a study of the application process.

Objective 6: Improve contract performance.

The Panel will work to improve contract performance and minimize training fund disencumbrances. Actions will include earlier intervention in projects and the provision of technical assistance to contractors regarding their training plans. These actions, coupled with the Panels' incremental approach to encumbering funds will enable it to meet the current Budget Act requirement which limits ETP disencumbrances to no more than 22 percent for 2001-02.

Objective 7: Work with small employers and their representatives to ensure the Panel's process and contracting improvements meet their needs.

Goal 2: Use advanced technology to increase program effectiveness.

The Panel will emphasize the use of advanced technologies to increase the effectiveness of the program. The Panel will stay current with information technology advances to maintain interconnectivity to other state systems and data bases, and to ensure the program's data needs are met. Committed to quality service to internal and external customers, the Panel will emphasize continuous automation of forms and processes, and will continue to improve program data management for business and customer needs through continued enhancements to its Management Information System (MIS).

Objective 1: Continue taking steps to provide more direct on-line access to ETP customers.

The Panel will strive to make the program more accessible and user-friendly by examining the feasibility of and, if so, begin implementing: a) an on-line orientation process to facilitate customers' access statewide, and b) videoconference participation in live orientation sessions. The Panel will also work to facilitate the use of electronic signatures to support the automation of the application and eligibility process, and continue to implement enhancements to contract administrative requirements.

Objective 2: Automate administrative processes.

Actions will include the automation of the administrative budget tracking system, and enhancements to the automated internal ledger system for tracking all ETP funds.

IV. Conclusion

The Panel will update its Strategic Plan each year, reviewing progress on the previous year's goals and objectives and establishing new strategies, goals and objectives.

As outlined above, the Panel will prioritize an ongoing strategic planning process throughout the fiscal year. Economic information will be updated on a regular basis, with presentations by experts in a variety of fields to ensure the Panel has the most up to date information in making its funding decisions. A calendar will be established for the Panel's ongoing planning efforts, including a strategic planning offsite in Spring 2002 for Panel members to address issues and priorities for next year's updated plan.

It is the Panel's intent to involve customers and stakeholders in a continuous process of planning and program improvement. In so doing, the Panel will reconfirm its commitment to continuous program improvement in serving California's employers and workers.

MAJOR ECONOMIC REGIONS OF CALIFORNIA



Regional Economic Overview***Table 1**

<u>Region</u>	<u>Economic Conditions</u>	
Los Angeles Basin (Ventura, Los Angeles, Orange, San Bernardino, and Riverside Counties)	<p><u>Economy:</u> Leading industries include foreign trade, entertainment/tourism, fashion/design; and diversified manufacturing. Region is a high-technology and biotechnology center, and large financial services complex serving international and domestic markets. Slow growth in traditional manufacturing. Software/multimedia are the fastest growing high-wage components of professional services.</p> <p>Inland Empire (San Bernardino and Riverside Counties) showed growth while rest of region economy was in downturn. Empire made gains in manufacturing and warehousing, with manufacturing up 41% since 1994. Riverside County projected to grow in healthcare services.</p>	
	<p><u>Growth Industries:</u> * *</p>	
	<p><u>Economic Development:</u></p> <p>Apparel (fashion & design); Entertainment; Multimedia; High Technology Manufacturing; Diversified Manufacturing (toys, textiles, furniture, aircraft); Biotechnology; Publishing.</p>	<p><u>Special Employment Training:</u></p> <p>Professional Services (health, financial); Construction.</p>
San Francisco Bay Area (Sonoma, Napa, Solano, Marin, Contra Costa, San Francisco, Alameda, San Mateo, and Santa Clara Counties)	<p><u>Economy:</u> Silicon Valley is nation's biotechnology capital. Projected growth in multimedia and tools for Internet. Export growth led by high-technology exports to Pacific Rim, especially Asian markets. However, recession is beginning in region due to high technology saturation of market.</p>	
	<p><u>Growth Industries:</u> **</p>	
	<p><u>Economic Development:</u></p> <p>Manufacturing; Biotechnology; Entertainment; Multimedia; Professional Services (software development).</p>	<p><u>Special Employment Training:</u></p> <p>Construction; Professional Services (health, engineering, management).</p>
Sacramento Region (Placer, Yolo, El Dorado, and Sacramento Counties)	<p><u>Economy:</u> Rapid job growth due to expansion of high-technology manufacturing. Growth in Professional Services (consulting, management); more than 50% of jobs are professional services, led by computer and engineering/management. Diversified manufacturing projected at 49% increase. Region is transportation corridor.</p>	
	<p><u>Growth Industries:</u> **</p>	
	<p><u>Economic Development:</u></p> <p>High technology manufacturing (medical instruments, electronics); Diversified Manufacturing (food processing).</p>	<p><u>Special Employment Training:</u></p> <p>Professional Services (health); Business Services, Construction.</p>

* Data Sources: Center for Continuing Study of the California Economy, Economic Strategy Panel, EDD Labor Market Information Division.

** SET industries may be funded under Economic Development if the contractor has out-of-state competition.

Appendix 1 (cont'd)

South Border Region <i>(San Diego and Imperial Counties)</i>	<u>Economy:</u> San Diego is undergoing a sustained economic recovery; projected as fastest growing region in State. San Diego and Imperial both with large trade gains with Mexico. San Diego: broad base in technology; wireless communication is a world-class regional specialty niche; medical instruments is emerging industry; professional services the largest, fastest growing sector. Imperial is beginning to diversify from an agricultural based economy to one that is service based, including manufacturing and technology services. Although San Diego has low unemployment, Imperial has highest unemployment rate in State.	
	<u>Growth Industries:</u> ** <u>Economic Development:</u> San Diego – High Tech Manufacturing (medical instruments); Professional Services (software development); Diversified manufacturing (apparel, chemicals, plastic, furniture, and toys); Biotechnology; Publishing. Imperial - Manufacturing	<u>Special Employment Training:</u> San Diego – Professional Services (health, engineering, management); Telecommunications; Construction. Imperial – Services (business, technology, and manufacturing services)
Central Valley <i>(Amador, Alpine, San Joaquin, Calaveras, Tuolumne, Mono, Mariposa, Stanislaus, Merced, Madera, Fresno, Inyo, Tulare, Kings, and Kern Counties)</i>	<u>Economy:</u> Agriculture based, with large number of agricultural workers. Most counties are among those with the highest unemployment rates and the highest percent of unemployed in California. Agriculture has expanded in production and exports. High growth area, with growth potential in transportation, high tech, and diversified manufacturing.	
	<u>Growth Industries:</u> ** <u>Economic Development:</u> Agriculture Related (food processing); Apparel/Fashion Design; High Technology Manufacturing (computers, electronics); Metals & Materials; Diversified Manufacturing (plastics), Telecommunications.	<u>Special Employment Training:</u> Transportation; High Tech Services.
Central Coast <i>(Santa Cruz, Monterey, San Benito, San Luis Obispo, and Santa Barbara Counties)</i>	<u>Economy:</u> Tourism-based economy	
	<u>Growth Industries:</u> ** <u>Economic Development:</u> High Technology Manufacturing; Mortgage Finance; Multimedia.	<u>Special Employment Training:</u> Research and Development (Aerospace & Satellite Communications); Financial/Insurance/Real Estate; High Technology Services.
Northern State <i>(Del Norte, Siskiyou, Modoc, Humboldt, Trinity, Shasta, Lassen, Tehama, Plumas, Butte, Glenn, Mendocino, Lake, Colusa, Sutter, Yuba, Sierra, and Nevada Counties)</i>	<u>Economy:</u> Rural areas with older resource based sectors such as agriculture, mining, and timber, largely on decline. Potential for growth driven by relocation of firms and workers from large urban areas, based on cost and quality of life considerations.	
	<u>Growth Industries:</u> ** <u>Economic Development:</u> High Technology Manufacturing; Manufacturing (Wood Products).	<u>Special Employment Training:</u> High Technology Services; Transportation (trucking).

CALIFORNIA ECONOMIC MULTIPLIERS

California Industry	Multiplier*
Agriculture, Forestry, and Fishing:	
Farm products and agricultural, forestry, and fishing services	1.6905
Forestry and fishing products	3.0090
Mining:	
Coal mining	2.5420
Oil and gas extraction	3.5264
Metal mining and nonmetallic minerals, except fuels	2.6319
Construction:	
Construction	2.2290
Manufacturing:	
Food and kindred products, and tobacco products	4.1386
Textile mill products	2.0799
Apparel and other textile products	1.9855
Paper and allied products	2.6777
Printing and publishing	2.1995
Chemicals and allied products, petroleum, and coal products	5.2122
Rubber and misc. plastic products, leather and leather products	2.1498
Lumber and wood products, and furniture and fixtures	2.1674
Stone clay and glass products	2.4859
Primary metal industries	2.9349
Fabricated metal products	2.3768
Industrial machinery and equipment	3.6091
Electronic and other electric equipment	3.2563
Motor vehicles and equipment	3.7425
Other transportation equipment	3.2975
Instruments and related products	2.9583
Miscellaneous manufacturing industries	2.1167
Transportation & Public Utilities:	
Transportation	2.2857
Communications	4.0516
Electric, gas, and sanitary services	7.3761
Trade:	
Wholesale trade	2.2244
Retail trade	1.5562
Finance, Insurance, & Real Estate:	
Depository/nondepository institutions, security and commodity brokers	2.7527
Insurance	2.8830
Real estate	2.8507
Services:	
Hotels & lodging places, amusement/recreation services, and motion pictures	2.1758
Personal services	1.5161
Business services	1.9844
Eating and drinking places	1.4940
Health services	2.0016
Miscellaneous services	1.8205

* Direct-effect multipliers for employment (number of jobs). Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Each entry in the "Multiplier" column measures the total change in number of jobs in all row industries that results from a change of one job in the industry corresponding to the entry. Note that the multiplier number includes the original job, therefore the increase in jobs indicated by the multiplier is actually the value shown, minus 1. Ideally, the multiplier captures the expansion and growth of business and the associated infrastructure improvements.